

Message Text

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15

ACTION EB-11

INFO OCT-01 NEA-10 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

DOT-00 INR-10 NSAE-00 RSC-01 FAA-00 FEA-02 PA-04

USIA-15 PRS-01 SP-03 SS-20 NSC-07 TRSE-00 INT-08

DRC-01 OMB-01 /104 W

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P 120735Z APR 74

FM AMCONSUL BOMBAY

TO AMEMBASSY NEWDELHI PRIORITY

INFO SECSTATE WASHDC PRIORITY 4375

AMCONSUL CALCUTTA

AMCONSUL MADRAS

LIMITED OFFICIAL USE BOMBAY 0847

E.O. 11652: N/A

TAGS: E IT IN

SUBJ: CIVAIR: JET FUEL PRICE

1. GINDREAU OF TWA CALLED TO NOTE NEW DELHI REPORT IN TIMES OF INDIA THIS MORNING TO EFFECT UNION CABINET HAD ON 11TH APPROVED "A SUBSTANTIAL CUT IN EXCISE DUTY ON AVIATION FUEL" AND THAT NEW RATES "WILL BE ON PAR WITH THOSE PREVAILING IN IRAN". ARTICLE ALSO NOTES "SOME OF STATES LIKE WEST BENGAL AND MAHARASHTRA WHICH, ATTRACT A LARGE NUMBER OF AIRLINES ARE BEING ASKED TO REDUCE THEIR SALES TAX RATES ON AVIATION FUEL".

2. GINDREAU SAID HE UNAWARE IRAN FUEL PRICE BUT THOUGHT IT MIGHT BE NEARLY AS HIGH AS THAT OF BOMBAY IF SO RELIEF MIGHT ONLY BE MARGINAL LEAVING FOCUS STILL ON SURCHARGE AND SALES TAX.

3. ON MAHARASHTRA SALES TAX, GINDREAU SAID HE HAD MET WITH AND OBTAINED AGREEMENT YESTERDAY OF SEVEN CARRIERS TO SIGN LETTER HE HAD DRAFTED TO CHIEF MIN MAHARASHTRA. LETTER REFERS TO MAH-

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ARASHTRA SALES TAX AS EXCESSIVE AND THAT WHEN ADDED TO ALREADY

HIGH FUEL COST BRINGS INTO QUESTION ECONOMIC VIABILITY
OPERATION INTO BOMBAY. CONCLUDES BY SAYING UNDERSIGNED CARRIERS
ARE SERIOUSLY CONSIDERING AVOIDING BOMBAY UNLESS RELIEF FORTH-
COMING. GINDREAU SAID HE HAD REVIEWED DRAFT LETTER WITH DIRECTOR
AIR INDIA UNNI WHO HAD NO PROBLEM WITH IT AND SUGGESTED GOING
AHEAD WITH IT. GINDREAU SAID CARRIERS AGREEING SIGN LETTER IN
ADDITION TWA ARE: AIR FRANCE, BRITISH AIRWAYS, EAST AFRICAN
AIRWAYS, EGYPT AIR, LUFTHANSA, SWISSAIR, AND QUANTAS. HE HOPES
TO ADD ON GARUDA, SABINA, IRAN AIR AND TMA AS SIGNATORIES BY
MONDAY 15TH WHICH DATE HE HOPES SUBMIT. HE WILL PROVIDE US
COPY OF LETTER AS SUBMITTED.

3. IN RELATED ITEM, INDIAN EXPRESS THIS MORNING QUOTES
SCHNITKER, BOMBAY MANAGER LUFTHANSA, AS SAYING ON THE INTRODUCTION OF
THE NEW LUFTHANSA DC-10 SERVICES THROUGH BOMBAY THAT "BOMBAY
HAS BECOME THE MOST EXPENSIVE CITY IN THE WORLD FOR AVIATION
FUEL, WHOSE COST HERE HAS REGISTERED AN INCREASE OF 300 PER CENT
SINCE THE OIL CRISIS LAST YEAR."
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